

AMENDED IN ASSEMBLY MAY 14, 2002

AMENDED IN ASSEMBLY APRIL 11, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 2907

**Introduced by Assembly Member ~~Thomson~~ Members Cohn and
Thomson**
**(Coauthors: Assembly Members Corbett, Correa, Goldberg, Pavley,
Richman, and Steinberg)**

February 25, 2002

An act to add Section 1375.7 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 2907, as amended, ~~Thomson~~ Cohn. Provider contracts.

The Knox-Keene Health Care Service Plan Act of 1975 provides for the regulation and licensing of health care service plans by the Department of Managed Health Care. The act makes the willful violation of any of its provisions a crime. The act prohibits a contract between a health care service plan and a risk-bearing organization, as defined, from including a provision that requires the risk-bearing organization to be at financial risk for the provision of health care services unless the provision has been first negotiated and agreed to by the parties or is included within a contract meeting specified criteria.

This bill would prohibit a contract between a health care service plan and a physician from (1) allowing the plan to unilaterally change the terms of the contract or rate of payment for services, (2) requiring a physician to accept additional patients if, in the judgment of the

physician, doing so would endanger patient care, and (3) failing to fully disclose the rate of payment for services. The bill would provide that a contract violating any of these prohibitions would be void, unlawful, and unenforceable.

The Knox-Keene Health Care Service Plan Act of 1975 prohibits a health care service plan from engaging in an unfair payment pattern.

This bill would provide that the failure of a plan to make timely payments to providers would constitute an unfair payment pattern.

By creating new prohibitions applicable to health care service plans, the violation of which would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares the
2 following:

3 (a) The health of the ~~citizens~~ *residents* of California and their
4 access to quality medical care depends on a stable and adequately
5 reimbursed medical workforce.

6 (b) Physicians are entitled to know in advance the rate at which
7 they will be reimbursed for the health care they deliver and to
8 receive payment on a timely basis.

9 (c) Contracts that fail to disclose payment rates, allow health
10 care service plans to unilaterally change their terms, or force
11 physicians to accept an excessive number of patients, threaten the
12 health care of Californians.

13 SEC. 2. Section 1375.7 is added to the Health and Safety
14 Code, to read:

15 1375.7. (a) This section shall be known and may be cited as
16 the Doctors' Bill of Rights.

17 (b) No contract between a health care service plan and a
18 physician shall do any of the following:



1 (1) Contain a provision that allows a health care service plan to
2 unilaterally change the terms of the contract or the rate of payment
3 for services.

4 (2) Contain a provision that requires a physician to accept
5 additional patients if, in the judgment of the physician, accepting
6 additional patients would endanger patient care.

7 (3) Fail to fully disclose the rate of payment for services,
8 including any fee schedule.

9 (c) Any contract that violates subdivision (b) shall be void,
10 unlawful, and unenforceable.

11 (d) The failure of a health care service plan to make timely
12 payments to a health care provider shall constitute an unfair
13 payment pattern.

14 SEC. 3. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.

